



SACHI A. HAMAI
Interim Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

September 01, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

25 September 1, 2015

PATRICK OGAWA
ACTING EXECUTIVE OFFICER

**LEASE MODIFICATION TO THE RENT
LIVE OAK BRANCH PUBLIC LIBRARY
4153-55 EAST LIVE OAK AVENUE, ARCADIA
(FIFTH DISTRICT)
(3 VOTES)**

SUBJECT

The recommendation is for a lease modification to approve a rental increase demand by the Lessor for the continued occupancy of the subject facility by the Public Library.

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed lease modification is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Mayor to implement the rental increase requested by Charles P. Hunt (Lessor) effective September 1, 2015, for the continued occupancy of 2,891 rentable square feet of Library space, and 15 on-site parking spaces by the Public Library on a month-to-month basis at the new monthly rental amount of \$5,059.25, or \$60,711.00 annually.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since November 15, 1964, the County of Los Angeles (County) has leased the subject facility from Charles P. Hunt (Lessor) for use by the Public Library (Library). The current three-year lease expired on July 4, 2014, and the County has continued its occupancy of the facility pursuant to the holdover provision contained in the lease. The current rental rate is under market, and a renewal was under negotiation at the Lessor's proposed rental rate. However, Library requested that negotiations be placed in abeyance, pending approval to either move the Library to a new facility, or approval to commence deferred maintenance and necessary renovations. On June 24, 2015, the Lessor provided notice (enclosed) of its intention to increase the monthly rent from \$3,237.92 to \$5,059.25 on a split-service basis effective on September 1, 2015.

The subject facility will be needed indefinitely, unless a determination is made to lease and make improvements to a new facility in the immediate area. The tenancy is not anticipated to remain on a month-to-month holdover for more than two years.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. The proposed approval of the rental increase will support this goal by securing the current facility for continued use by the Public Library while allowing adequate time to negotiate a lease extension or obtain a new leased space. The current lease is in conformance with the Asset Management Principles as outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed rental rate will provide the Public Library continued use of the facility, and will result in increasing the current annual rent from \$38,855 to \$60,711. The current agreement is a split-service lease whereby the Lessor and the County share the operating and maintenance costs associated with the County's occupancy. The Public Library is a special fund department. The program is funded primarily through property taxes and special taxes.

Sufficient funding for the proposed increase is included in the Public Library's Fiscal Year (FY) 2015-16 Operating Budget. Attachment B is an overview of the lease costs associated with this proposal.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed rental rate increase will provide continued use of a 2,891 square-foot library, and 15 on-site parking spaces, and will result in the following changes:

- Increase in the monthly rental rate from \$3,237.92 to \$5,059.25, effective September 1, 2015.

- The lease will continue on a month-to-month basis, cancellable by either party upon 30 days prior written notice. The month-to-month tenancy is not expected to exceed two years.
- All other terms and conditions will remain the same.

The Chief Executive Office (CEO), Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Based upon the survey, staff has established that the annual rental range for similar space is between \$26.89 and \$28.44 per square foot on a split-service basis, including parking. Therefore, the proposed annual rental rate including parking, adjusted to include the County's responsibilities, is \$27.40 per square foot, which is in the mid-range of the market rates for the area. Attachment C shows all County-owned and leased facilities within the Library's service area, and there are no suitable County-owned or leased facilities available for the program.

As the County Public Library System has predetermined locations within unincorporated areas of the County, the current facility provides a central and appropriate location which is consistent with the County's Facility Location Policy adopted by the Board of Supervisors on July 24, 2012, as outlined in Attachment D.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that entering into the proposed lease modification is exempt from the California Environmental Quality Act (CEQA) as specified in Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

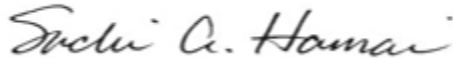
IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CEO that the proposed lease modification will adequately provide the necessary space for the County's requirement. Public Library concurs with this recommendation.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors, return two adopted stamped Board letters and two certified copies of the Minute Order to the CEO, Real Estate Division, 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sachi A. Hamai".

SACHI A. HAMAI

Interim Chief Executive Officer

SAH:TT:CMM

SDH:CMB:ns

Enclosures

c: Executive Office, Board of Supervisors
Auditor Controller
County Counsel
Public Library

PUBLIC LIBRARY
4153-55 EAST LIVE OAK AVENUE, ARCADIA
Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>		Yes	No	N/A
A	Does lease consolidate administrative functions? ² This is a stand-alone public library not compatible with administrative functions outside of Library's operations.			X	
B	Does lease co-locate with other functions to better serve clients? ²				X
C	Does this lease centralize business support functions? ²				X
D	Does this lease meet the guideline of 200 sq. ft of space per person? ² The space includes minimal office space and open areas for book shelves.				X
E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? ²		X		
F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? ²		X		
2.	<u>Capital</u>				
A	Is it a substantial net County cost (NCC) program? The Library is a Special Fund Department, not a general fund Department.			X	
B	Is this a long term County program?		X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?			X	
D	If no, are there any suitable County-owned facilities available?			X	
E	If yes, why is lease being recommended over occupancy in County-owned space?				X
F	Is the Building Description Report attached as Attachment C?		X		
G	Was build-to-suit or capital project considered? ² Insufficient time needed to locate and improve an alternate facility, even if one were available.			X	
3.	<u>Portfolio Management</u>				
A	Did department utilize CEO Space Request Evaluation (SRE)?		X		
B	Was the space need justified?		X		
C	If a renewal lease, was co-location with other County departments considered?				X
D	Why was this program not co-located?				X
	1. <u> X </u> The program clientele requires a "stand alone" facility. Library's use is not compatible with non-Library administrative or client-contact functions.				
	2. <u> X </u> No suitable County occupied properties in project area.				
	3. <u> X </u> No County-owned facilities available for the project.				
	4. <u> </u> Could not get City clearance or approval.				
	5. <u> </u> The Program is being co-located.				
E	Is lease a full service lease? ² This is a split-service lease.			X	
F	Has growth projection been considered in space request?			X	
G	Has the Dept. of Public Works completed seismic review/approval?		X		
¹ As approved by the Board of Supervisors 11/17/98					
² If not, why not?					

**FISCAL IMPACT / FINANCING
OVERVIEW OF LEASE CHANGES**

4153-55 East Live Oak Avenue, Arcadia	Current Lease	Proposed Lease Modification	Change
Area (square feet)	2,891	2,891	None
Term	Month-to-Month	Month-to-Month	None
Monthly Base Rent	\$3,237.92	\$5,059.25	+\$1,821.33
Maximum Annual Lease Costs	\$38,855.04	\$60,711.00	+ \$21,855.96
Cancellation	Upon 30 days written notice	Upon 30 days written notice	None
Parking	15	15	None
Tenant Improvements	None	None	None
Rent Adjustment	None	None	None

**PUBLIC LIBRARY
SPACE SEARCH – UNINCORPORATED ARCADIA AREA**

Address	Building Use	Ownership	Gross SQ. FT.	Net SQ. FT.	Available SQ. FT.
1703 S MOUNTAIN AVE, MONROVIA 91016	OFFICE	OWNED	2,183	1,666	NONE
2620 S CALIFORNIA AVE, MONROVIA 91016	OFFICE	LEASED	4,500	4,275	NONE

FACILITY LOCATION POLICY ANALYSIS

Proposed lease modification: Rental rate increase.

A. Established Service Function Category – Public Library

B. Determination of the Service Area – Predetermined Unincorporated-Arcadia Public Library Service Area.

C. Apply Location Selection Criteria to Service Area Data

- Need for proximity to service area and population: The Los Angeles County Free Public Library System service areas are predetermined unincorporated areas.
- Need for proximity to existing County facilities: N/A
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: The surrounding area is in the process of improving existing facilities and new development.
- Proximity to public transportation: There are three public transportation bus stops within 250 feet in three different directions from the facility.
- Availability of affordable housing for County employees: The surrounding area provides affordable rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no existing County buildings available to meet the Department's service needs.
- Compatibility with local land use plans: The Department of Public Works inspected the facility and found it suitable for County occupancy.

- Estimated acquisition/construction and ongoing operational costs: The maximum annual total lease cost of \$79,213.40 consists of the rent of \$60,711.00, plus \$18,502.40, the estimated cost of the County's responsibilities. Pursuant to the existing split-service agreement, the County and the Lessor share the responsibilities for all operating and maintenance costs associated with the County's occupancy.

Sufficient funding for the proposed rental rate increase is included in the Public Library's Fiscal Year (FY) 2015-16 Operating Budget. The Public Library is a special fund Department and the program is funded primarily through property taxes and special taxes.

D. Analyze results and identify location alternatives

The Chief Executive Office, Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically. Based upon the survey, staff has established that the annual rental range for similar space is between \$26.89 and \$28.44 per square foot on a split-service basis, including parking. Therefore, the proposed annual rental rate including parking, plus the County's responsibilities, is \$27.40, which is in the mid-range of the market rates for the area. Attachment C shows all County-owned and leased facilities within the Library's service area and there are no suitable County-owned or leased facilities available for the program.

E. Determine benefits and drawbacks of each alternative based upon functional need, service area, cost and other Location Selection Criteria

N/A

May 25, 2015

Los Angeles County Library
Real-Estate Division
Los Angeles, CA

RE: Los Angeles County Library
4153-4155 East Liveoak Ave
Arcadia, CA 91006

Dear Los Angeles County Library Real-Estate Division,

Please be advised that effective August 1, 2015 the monthly rent for the premises you now occupy as my tenant shall increase to \$1.75 a square foot. The property at 4153-4155 East Liveoak Ave Arcadia, CA that you now occupy is 2,891 square feet.

This increase will be effective on or before the first day of each month during your continued tenancy. This is a change from your present rent of \$3,237.92 per month. The new rental payment will be \$5,059.25 effective August 1, 2015.

The terms of this lease increase will be a month to month until a signed and fully executed contract is submitted to the landlord prior to August 1, 2015.

Sept
CPH

Signature Landlord

Charles P. Hunt 6-23-15
Charles P. Hunt

Signature of Tenant _____

Printed Name of Tenant _____